

UTAH

1997 Utah Real Estate Investment Trust Tax Return And Instructions



Form TC-20REIT

What's New?

Extension of Time To File

This is an extension of time to file your tax return
- NOT an extension of time to pay your taxes. You are automatically allowed an extension of up to six months to file your return. However, if the prepayment requirements have not been met on or before the original due date, penalties will be assessed.

If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or Telecommunications Device for the Deaf (TDD) (801) 297-3819. Please allow three working days for a response.

Tax Questions? You may submit tax questions to the Tax Commission through the World Wide Web.
The Tax Commission's Internet Home Page address is: <http://www.tax.ex.state.ut.us>

GENERAL INSTRUCTIONS AND INFORMATION

1. Who Must File

Every real estate investment trust (REIT) or fund of such company, as defined in IRC Section 856, that is registered or doing business in Utah shall file form TC-20REIT. Doing business in Utah includes owning an interest in Utah real property.

2. When to File

Returns shall be filed on or before the 15th day of the fourth month following the close of the taxable year.

3. Filing Extension

This is an extension of time to file your tax return - **NOT** an extension of time to pay your taxes. You are automatically allowed an extension of up to six months to file your return. ***However, if the extension prepayment requirements have not been met on or before the original due date, penalties will be assessed.***

4. Prepayment Requirements

Every real estate investment trust having a Utah tax liability of \$3,000 or more in the current year, or which had a tax liability of \$3,000 or more in the previous year, must make quarterly estimated tax prepayments.

A real estate investment trust is not subject to the prepayment requirements for the first year that real estate investment trust is required to file a return in Utah if the real estate investment trust makes a payment on or before the due date, without extension, equal to or greater than the minimum tax.

Prepayments are due in four equal payments on the 15th day of the 4th, 6th, 9th and 12th months of the real estate investment trust's taxable year. Real estate investment trusts may elect to make the quarterly prepayments equal to 90 percent of the current year's tax or 100 percent of the prior year's tax. As defined in Section 6655, Internal Revenue Code, the applicable percentage of the required annual payment for annualized income installments, for adjusted seasonal installments, and for estimated tax payments based on the current year tax liability is the following:

Installment	Percentage
1st	22.5
2nd	45.0
3rd	67.5
4th	90.0

If a taxpayer elects a different annualization period than the period used for federal purposes, the taxpayer must make an election with the Tax Commission at the same time as provided in Section 6655, Internal Revenue Code. Prepayments should be made with form TC-559, Corporation Tax Payment Coupon Booklet.

Real estate investment trusts not making the required tax prepayments are subject to a penalty as stated in General Instruction 6, page 1.

5. Tax Rate

There is a minimum tax (privilege tax) of \$100 on every real estate investment trust regardless of whether the real estate investment trust exercises its right to do business.

6. Penalties

The penalty for failure to file a tax due return by the due date is the greater of \$20 or 10 percent of the tax due. In addition, if a tax balance remains unpaid 90 days after the due date, a second penalty, the greater of \$20 or 10 percent of the tax balance, will be added for failure to timely file.

The penalty for failure to pay tax due as reported on a timely filed return, or within 30 days of a notice of deficiency, is the greater of \$20 or 10 percent of the tax balance due.

The penalty for underpayment of extension prepayment is 2 percent per month of the unpaid tax during the extension period.

The penalty for failure to file an information return or a complete supporting schedule is \$50 for each return or schedule to a maximum of \$1,000.

The penalty for each underpayment of required estimated tax or required quarterly installments shall be determined by applying the state interest rate(s) in effect for the period of the underpayment, plus four percentage points, to the amount of the underpayment for the period of the underpayment.

For a list of additional penalties that may be imposed, please refer to Utah Code Ann. Section 59-1-401.

Exceptions to Penalty

1. **Annualized Exception:** A real estate investment trust may annualize its income before determining the amount of each installment. It is recommended that federal guidelines be followed in determining annualized income. If the real estate investment trust meets the annualized exception at the federal level, for any installment, indicate by checking the appropriate box(es) on form TC-20REIT, line 14.
2. **Recurring Seasonal Exception:** A real estate investment trust with recurring seasonal income may annualize its income before determining the amount of each installment. It is recommended that federal guidelines be followed in determining seasonal income. If the real estate investment trust meets the seasonal exception at the federal level, for any installment, indicate by checking the appropriate box(es) on form TC-20REIT, line 14.
3. **Prepayment of minimum tax:**
 - a. Real estate investment trusts that met the prepayment requirement in the current year and had a tax liability of \$100 (the minimum tax) for the previous year, may choose to prepay the minimum tax amount of \$100 on the 15th day of the 12th month instead of four increments of \$25.
 - b. Real estate investment trusts that met the prepayment requirement in the previous year and have a tax liability of \$100 (the minimum tax) in the current year, may choose to prepay the minimum tax amount of \$100 on the 15th day of 12th month instead of four increments of \$25. In this scenario, the real estate investment trust must pay \$100, not 90 percent.

The Tax Commission will calculate the penalty for underpayment of required prepayments. Taxpayers who would like to calculate their own penalty may contact the Tax Commission, telephone (801) 297-7790 for assistance.

7. Interest

The calendar year interest rate applicable for all taxes and fees administered by the Tax Commission is two percentage points above the federal short-term rate in effect for the preceding fourth

Utah State Tax Commission
210 N 1950 W, Salt Lake City Utah 84134

**Utah Income Tax Return For
Real Estate Investment Trusts**

**1997
TC-20
REIT**
Rev. 12/97

This return is for the calendar year ending Dec. 31, 1997, or fiscal year beginning _____, 19 ____ and ending _____, 19 ____.

☐ Check box if name or address changed.

• ☐ **AMENDED RETURN** See page 2 for **"THE REASONS FOR AMENDING"** and enter the number in this box • ☐

Corporation name			Federal Identification Number	
Address			Utah Charter Number	
			Telephone Number ()	
City	State	ZIP Code		

1. Net income/loss (Federal form 1120-REIT, line 22)

2. Federal net operating loss deduction (Federal form 1120-REIT, line 21a)

3. Apportionable income (add lines 1 and 2) •

4. Apportionment fraction (100% or Schedule J, line 7)

5. Utah taxable income/loss (line 3 multiplied by line 4) •

If line 5 is a (loss), did you elect to forego the Federal net operating loss carryback? You must select Yes or No. If you make no selection, it is assumed your answer is No - treated as carryback. •

If an election to forego a loss carryback for federal purposes has been made, a similar election is deemed made for Utah purposes unless a Utah election is made to carry back Utah net losses. Once made, an election to forego the loss carryback is irrevocable for that taxable year.

6. Utah net loss carried forward from prior years (attach documentation)(see instructions page 2)

7. Net taxable income (line 5 less line 6) •

8. Tax (line 7 multiplied by .05, or \$100 minimum tax due, whichever is greater) •

9. Total the amounts listed below and enter on this line

Extension penalty	\$ _____	Interest	\$ _____
Late payment penalty	\$ _____	Penalty for underpayment	
Late filing penalty	\$ _____	of required prepayment	\$ _____

10. Total tax, penalties, and interest due (add lines 8 and 9)

11. Total prepayments (Schedule E, line 4) •

12. Total remitted (if line 10 is larger than line 11, subtract line 11 from line 10) •

Make check payable to: UTAH STATE TAX COMMISSION

13. Total refund (if line 11 is larger than line 10, subtract line 10 from line 11) •

14. Check box(es) corresponding with installments that qualify for exceptions
(see General Instruction 4, page 1) Attach supporting documentation

NOTE: ATTACH A COPY OF FEDERAL FORM 1120-REIT TO THIS RETURN.

Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and accompanying schedules are true, correct, and complete.

Signature of officer

Date

Title

Paid Preparer's Section	Preparer's signature	Date signed	Check if self-employed <input type="checkbox"/>	Preparer's social security no.	
	Firm's name (or yours if self-employed)			E.I. number	
	Preparer's complete address		City	State	ZIP code

1	\$	00
2		00
3		00
4	%	
5	\$	00
Yes <input type="checkbox"/> No <input type="checkbox"/>		

6		00
7	\$	00
8		00
9		00

10		00
11		00
12	\$	00
13	\$	00

1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
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Official Use Only

General Instructions and Information

Real estate investment trusts should refer to the Corporation Franchise or Income Tax instructions, form TC-20 Booklet, to obtain information regarding the following:

- Corporation changes
- Suspension for failure to file or to pay tax due
- Amended returns

Supplemental Information To Be Supplied By All Real Estate Investment Trusts

NOTE: An automatic extension of the statute of limitations relating to assessments of tax is provided by Utah Code Ann. Section 59-7-519 for failure to report fully the information required.

1. What is the last year for which a federal examination has been completed?

Under separate cover, send a summary and supporting schedules for the federal adjustments and the federal tax liability for each year for which federal audit adjustments have not been reported to the Tax Commission and indicate date of final determination. Forward information to Utah State Tax Commission, Auditing Division, 210 North 1950 West, Salt Lake City, Utah 84134-0300.

2. For what years are federal examinations now in progress, or final determination of past examinations still pending?

3. For what years have extensions for proposing additional assessments of federal tax been agreed to with the Internal Revenue Service?

SCHEDULE E PREPAYMENTS OF ANY TYPE

Extension of Time To File

This is an extension of time to file your return - NOT an extension of time to pay your taxes. You are automatically allowed an extension of up to six months from your original due date to file your return. However, if the prepayment requirements (see instructions) have not been met on or before the original due date, penalties will be assessed.

1. Overpayment applied from prior year	1.	
2. Extension prepayment Date _____ Check number _____	2.	
3. Other prepayments (attach sheet if necessary)		
a. Date _____ Check number _____	3a.	
b. Date _____ Check number _____	3b.	
c. Date _____ Check number _____	3c.	
d. Date _____ Check number _____	3d.	
Total of other prepayments (add lines 3a through 3d)	3.	
4. Total prepayments (add lines 1, 2, and 3, enter on this line and on TC-20 REIT, line 11)	4.	

SCHEDULE J - APPORTIONMENT SCHEDULE

TC- 20REIT J
Rev. 12/97

Corporation Name	Taxable Year Ending	Federal Identification Number
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Describe briefly the nature and location(s) of your Utah business activities:

	Inside Utah Column A			Inside and Outside Utah Column B	
1. TANGIBLE PROPERTY					
(a) Land	1(a)		00	•	00
(b) Depreciable assets	1(b)		00	•	00
(c) Inventory and supplies	1(c)		00	•	00
(d) Rented property	1(d)		00	•	00
(e) Other tangible property	1(e)		00	•	00
2. TOTAL TANGIBLE PROPERTY (total 1(a) through 1(e))	2		00	•	00
(a) Fraction (column (A), line 2 divided by column (B), line 2)				2(a)	
3. WAGES, SALARIES, COMMISSIONS, AND OTHER INCLUDABLE COMPENSATION	3		00	•	00
(a) Fraction (column (A), line 3 divided by column (B), line 3)				3(a)	
4. GROSS RECEIPTS FROM BUSINESS					
(a) Sales (gross receipts less returns and allowances)				4(a)	00
(b) Sales delivered or shipped to Utah purchasers:					
(1) Shipped from outside Utah	4(b1)		00		
(2) Shipped from within Utah	4(b2)		00		
(c) Sales shipped from Utah to:					
(1) United States Government	4(c1)		00		
(2) Purchasers in a state(s) where the taxpayer has no nexus (The corporation is not taxable in the state of purchaser)	4(c2)		00		
(d) Rent and royalty income	4(d)		00	•	00
(e) Service income (attach schedule)	4(e)		00	•	00
5. TOTAL SALES AND SERVICES (total 4(a) through 4(e))	5		00	•	00
(a) Fraction (column (A), line 5 divided by column (B), line 5)				5(a)	
6. TOTAL OF LINES 2a, 3a, AND 5a				6	
7. Calculate the APPORTIONMENT FRACTION to <u>six decimals</u>: (line 6 divided by 3 or the number of factors present) (Also enter on TC-20REIT, line 4)				7	

NOTE: This schedule is to be used only if income is taxable in another state and should be apportioned to Utah.

calendar quarter. This rate is published by the Internal Revenue Service in September of each year.

The interest rate for all taxes and fees administered by the Tax Commission for the 1998 calendar year is 8 percent.

8. Rounding off to Whole-Dollar Amounts

All entries must be made in whole-dollar amounts.

9. Additional Information

If you need additional information, contact the Utah State Tax Commission, 210 North 1950 West, Salt Lake City, Utah 84134, telephone (801) 297-2200, TDD (801) 297-3819 or 1-800-662-4335 toll free. For additional forms you may call (801) 297-6700.

INSTRUCTIONS FOR RETURN

Real Estate Investment Trust Name and Address area

Enter the real estate investment trust name and address in the space provided. Check the box provided if there has been a change in the Real Estate Investment Trust name or address since last year's filing. Make any necessary corrections to the name and address on the name and address lines provided.

Telephone Number

Enter the telephone number for the real estate investment trust.

Federal Identification Number and Utah Charter Number

Enter the FIN or Utah charter number in the appropriate field.

Amended Returns for 1997

AN AMENDED STATE RETURN FOR 1997 SHOULD BE FILED PROMPTLY ONCE YOU DISCOVER:

1. an error on your state or federal return after it has been filed; or,
2. your federal return is audited or adjusted by the IRS and the IRS audit or adjustment affects your state return. You must report such changes or corrected net income within 90 days of the IRS's final determination.

If you need to amend a return for a tax year other than 1997, please use the tax form and instructions for the year you are amending.

Do not submit an amended return for the purpose of claiming a loss carryback refund. This is automatically calculated by the Tax Commission. Any refund will be mailed to the corporation.

To qualify for a refund or credit, an amended return must be filed within three years following the date the original return was filed. A return filed before the due date is considered filed on the due date.

To amend a previously filed 1997 state income tax return:

1. check the amended box located at the top of the return; and
2. indicate the reason for amending, by writing the number in the box provided on the return.

THE REASONS FOR AMENDING:

1. you filed an amended return with the Internal Revenue Service (*you must attach a copy of your amended federal return*);
2. you made an error on your state return (*attach an explanation of the adjustments made*);
3. federal audit adjustments which resulted in changes in federal taxable income were issued and became final (*attach a copy of the IRS adjustment*);
4. other (*please attach explanation to return*).

Complete the return entering the figures as corrected.

When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing this amended return less any previous refunds (exclude refund interest). See form TC-20, Schedule A, line 21d instructions on page 8.

REMEMBER, except for the amounts you amend, the amounts you place on the return must match your original return.

Line 1 Net Income/Loss

Enter the real estate investment trust taxable income from federal form 1120-REIT, line 22.

Line 2 Federal Net Operating Loss Deduction

Enter the federal net operating loss deduction from federal form 1120-REIT, line 21a.

Line 3 Apportionable Income

Line 1 plus line 2.

Line 4 Apportionment Fraction

100 percent or bring fraction from Schedule J, line 7.

Line 5 Utah Taxable Income/Loss

Multiply line 3 by line 4. If Utah taxable income on line 5 is a loss, the real estate investment trust has an option of: 1) carrying the loss back (subject to the \$1,000,000 limitation); or 2) foregoing the loss carryback and carrying the loss forward.

If an election is made to forego the federal net operating loss carryback, a similar election is considered to be made for Utah tax purposes unless the taxpayer makes a specific election to carry back the loss for Utah purposes. Indicate in the appropriate box whether you elect to forego the Utah net loss carryback.

If no election is made to forego the loss carryback, the Utah net loss will be carried back to the earliest of the three preceding tax years; if not entirely used to offset income of that year, it will be carried to the second year preceding the loss year; and any remaining loss is next carried to the taxable year immediately preceding the loss year. Any remaining loss should be carried forward.

A refund resulting from the carryback of a Utah net loss will be automatically sent to you. Schedule L is obsolete.

Line 6 Utah Net Loss Carried Forward From Prior Years

Losses incurred in years beginning prior to January 1, 1994, which remain after all carrybacks have been applied, may be carried forward for five taxable years following the taxable year of the loss. Losses incurred in years beginning on or after January 1, 1994, which

remain after all carrybacks have been applied, may be carried forward for fifteen taxable years following the taxable year of the loss.

Attach documentation to the return to support the loss amounts carried forward on line 6.

Line 7 Net Taxable income

Line 5 less line 6.

Line 8 Calculation of Tax

Multiply line 7 by .05, or enter the \$100 minimum tax due, whichever is greater.

Line 9 Total Penalties and Interest.

Enter any applicable penalty and interest amounts on the appropriate lines. Enter the total amount on this line. The Tax Commission will calculate the penalty for underpayment of required prepayments. Taxpayers who would like to calculate their own penalty may contact the Tax Commission at (801) 297-7790.

Line 10 Total Tax, Penalty, and Interest Due

Add lines 8 and 9.

Line 11 Total Prepayments

Enter the total from Schedule E, line 5.

Line 12 Total Remitted

If line 10 is larger than line 11, subtract line 11 from line 10. **DO NOT MAIL CASH. THE TAX COMMISSION ASSUMES NO LIABILITY FOR LOSS OF CASH PLACED IN MAIL.** Attach a schedule for any nonrefundable credits claimed.

Line 13 Total Refund

If line 11 is larger than line 10, subtract line 10 from line 11.

Line 14 Quarterly Estimated Prepayments Meeting Exception

Check boxes corresponding to the four quarterly prepayments for those quarters in which exceptions to penalty exist. Refer to General Instruction 6, page 1, for exceptions to penalty on estimated prepayments. Attach supporting documentation.

Signature and date lines are required for declaration of the return's accuracy. Refunds will not be granted on returns without signatures and dates.

The section titled "Supplemental Information to be Supplied by all Real Estate Investment Trusts" must be completed by all real estate investment trusts.

INSTRUCTIONS FOR SCHEDULE J APPORTIONMENT SCHEDULE

Determine apportionment fraction by completing this schedule. The factors express a percent for tangible property in Utah, for wages and salaries in Utah, and for sales in Utah. These factors are to be added together and divided by the number of factors present (typically 3) to arrive at the Utah apportionment fraction calculated to six decimals. This fraction is to be applied to the apportionable income (or loss) to arrive at the amount of income (or loss) apportioned to Utah. In cases where one or more of the factors is omitted due to peculiar aspects of the business operations, the real estate investment trust should divide by the number of factors present.

Income or loss from partnership or joint venture interests shall be included in income and apportioned to Utah through application of the three-factor formula consisting of property, payroll, and sales. For apportionment purposes, the portion of partnership or joint venture property, payroll, and sales to be included in the real estate investment trust's property, payroll, and sales factors shall be computed on the basis of the real estate investment trust's ownership interest in the partnership or joint venture.

Briefly describe the nature and location(s) of your Utah business activities in the space provided at the top of this schedule.

Lines 1(a)-(e) Tangible Property

Show the average cost value during the taxable year of real and tangible personal property used in the business within the state (including leased property) in column A; and overall (including Utah) in column B.

Property owned by the real estate investment trust is valued at its original cost. Property rented by the real estate investment trust is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the real estate investment trust less the annual rate received by the real estate investment trust from subrentals.

The average value of property shall be determined by averaging the cost values at the beginning and ending of the tax period. However, monthly values may be used or required if monthly averaging more clearly reflects the average value of the real estate investment trust's property.

A supporting schedule should be attached whenever monthly averaging is used.

Line 2 Total Tangible Property

Enter totals of lines 1a-e in the respective columns.

Line 2(a) Property Fraction

Determine property fraction: column A, line 2 divided by column B, line 2.

Line 3 Wages, Salaries, Commissions, and other Includable Compensation

Wages, salaries, commissions, and other includable compensation paid to employees for personal services must be included in the Utah factor to the extent that the services, for which the compensation was paid, were rendered in Utah.

Compensation is paid in the state if (1) the individual's service is performed entirely within the state; (2) the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or (3) some of the service is performed in the state and (a) the base of operations or, if there is no base of operation, the place where the service is directed or controlled within the state, or (b) the base of operations or the place where the service is directed or controlled is not in any state where some part of the service is performed, but the individual's residence is in this state.

Amounts reportable for employment security purposes may ordinarily be used to determine the wage factor.

Line 3(a) Wages Fraction

Determine wage fraction: column A, line 3 divided by column B, line 3. Overall wages, including Utah, are listed in column B.

Lines 4(a)-(c) Gross Receipts From Business

The sales factor is the percentage the sales, rents/leases, or charges for services within the state for the taxable year bear to the overall sales for the taxable year. Gross receipts from the performance of services are in this state to the extent the services are performed in this state.

Line 5 Total Sales and Service

Enter totals of lines 4a-c in their respective columns.

Line 5a Sales Fraction

Determine sales fraction: column A, line 5 divided by column B, line 5. Overall sales, including Utah, are listed in column B.

Line 6 Total Fraction

Enter total of lines 2a, 3a and 5a.

Line 7 Apportionment Fraction

Calculate the apportionment fraction to six decimals: Line 6 divided by the number of factors used (typically 3 - property, wages and sales). If one or more of the factors are not present (i.e., there is a zero represented on lines 2, 3, or 5 in column B), divide by the number of factors present. Enter apportionment fraction here and on TC-20REIT, line 4.